



Hon. Robert T. Matsui

Member of Congress

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Serving California's 5th District

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WALL STREET CRISIS DEMONSTRATES FOLLY OF SOCIAL SECURITY PRIVATIZATION

WASHINGTON, DC—Today Ways and Means Social Security Subcommittee Ranking Member **Robert T. Matsui** (D-CA) joined House Minority Leader **Dick Gephardt** (D-MO), Ways and Means Raking Member **Charles Rangel** (D-NY), Senate Majority Leader **Tom Daschle** (D-SD) and Senator **Jon Corzine** (D-NJ) to call on Republican leaders to justify their plan to privatize Social Security given the current crisis on Wall Street. Both the Dow and S&P 500 indexes are at five-year lows, and corporations are reeling from the disclosure of fraudulent auditing and accounting procedures. Nonetheless, Republicans remain intent on replacing the guarantee of Social Security with private investment accounts.

"The President and his Republican colleagues are determined to privatize Social Security, but they refuse to talk about it until after the election," said Matsui. "It makes sense that they would try to hide their plans. Look at the stock market and the crisis in corporate America. Who would feel comfortable taking the guaranteed benefits of Social Security and gambling it on Wall Street?"

As a "defined benefit" retirement programs, Social Security is immune to swings in the stock market, corporate fraud, or the timing of one's retirement. It is a guaranteed dollar amount that all workers can count on when they retire. Privatizing Social Security would mean that current and future benefits would depend upon the performance of private accounts invested in the stock market.

"If Republicans remain committed to privatizing Social Security, they must be completely out of touch with what is going on in America today," continued Matsui. "They want to take the only defined-benefit program that most Americans can count on to help them in their retirement, and hand it over to companies like Enron and WorldCom. It's outrageous."

Last year, President Bush's handpicked Social Security Commission devised three plans to privatize the program. The Commission's report shows the benefit cuts and general revenue subsidies that would be necessary to finance a privatized system. Democrats have launched a discharge petition in an attempt to force a debate on this important issue. Although Republicans have gone silent, GOP leaders continue to indicate that they will move forward with privatization next year. In fact, on July 4, 2002, NRCC Chair Tom Davis (R-VA) made the following statement on an NPR interview, indicating the Republicans' intention to bring privatization up after the election:

"We do offer opportunities to people to invest a portion of their Social Security income in private accounts - that has not been translated into a bill - but that...will probably come up in the next Congress."

"Republicans want to replace a retirement guarantee with investment anxiety. Social Security privatization was, is, and will remain a bad deal for the American people."